



April 2, 2018

Via Dela File Submission

Ms. Donna Nickerson
Secretary
Public Service Commission of Delaware
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: In the Matter of the Request of Tidewater Utilities, Inc. for Authority to Revise its
Water Service Tariff to Allow for an Income Tax Liability Gross-Up Payment
Associated with Contributions in Aid of Construction

Dear Ms. Nickerson:

In lieu of a formal application, Tidewater Utilities, Inc. (Tidewater) respectfully submits this Request for authority to amend its Water Service Tariff to include an income tax liability gross-up payment associated with Contributions in Aid of Construction (CIAC) fees. In support thereof, Tidewater states the following:

1. This request is necessitated by a provision in the Tax Cuts and Job Acts of 2017, enacted December 22, 2017, which removed the tax exemption on CIAC received by regulated water and wastewater utilities.
2. This requested Tariff change is in accordance with 26 Del. Admin C. § 2001-3.8.6, which permits all regulated water utility companies to include a tax liability gross-up payment in the calculation of CIAC.
3. This requested Tariff change is revenue neutral to Tidewater's existing customer base.
4. This requested Tariff change ensures that existing customers do not subsidize new customers.
5. The attachments to this Request include a marked version of the existing Tariff page for the changes and a clean version of the proposed Tariff page.

If you have any questions regarding the changes to this application, please contact me at (732) 638-7502.

Sincerely,

A. Bruce O'Connor
Treasurer

Enclosures

cc: Andrew Slater, Delaware Public Advocate (Electronic Delivery)
Robert Howatt (Electronic Delivery)
Connie McDowell (Electronic Delivery)